



GOAL 10: Effective Management

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GOAL 10: EFFECTIVE MANAGEMENT

EPA will establish a management infrastructure that will set and implement the highest quality standards for effective internal management and fiscal responsibility.

OVERVIEW

The effectiveness of EPA's management and the delivery of administrative services will determine, in large measure, how successful the Agency is in achieving its environmental mission. The Agency's management goal is an integral part of carrying out the mission of EPA; all of the Agency's \$7 billion budget flows through the administrative and stewardship functions identified under this goal. Activities under this goal support the EPA workforce and the environmental protection contracts and grants channeled to State, local, Tribal, and private sector partners. In fulfilling its managerial commitments, the Agency focuses on four overarching priorities:

- Promoting cost-effective investment in environmental protection and public health.
- Recognizing the special vulnerability of children to environmental risks and facilitating an intensified commitment to protect children's health.
- Building safe, healthy workplaces that strengthen communities.
- Preparing EPA for future challenges by building the skills of its employees and fostering diversity.

To meet these challenges, the Agency must integrate its administrative systems and streamline its processes, in essence reinventing the way it does business. EPA has made significant progress by rethinking problems and the solutions typically used to address them. The following discussion provides a description of FY 1999 progress, organized by the four objectives set in the Agency's Strategic Plan that guide EPA's work toward its overall management goal: executive leadership; management services, administration, and stewardship; building operations, utilities, and new construction; and audit and investigative services.

FY 1999 PERFORMANCE

Executive Leadership

EPA's objective is to provide vision and leadership (within the Agency, nationally, and internationally) as well as executive direction and policy oversight for all Agency programs. The Administrator, the Agency's National Program Managers, and the Regional Administrators provide the day-to-day vision and leadership needed for EPA to meet its public health and environmental commitments. EPA provides leadership in a number of managerial areas, including civil rights, equal employment opportunity, and judicial decisions in administrative and enforcement cases. In FY 1999, EPA emphasized the area of children's health protection within its leadership activities. Compared to adults, children are often more vulnerable and heavily exposed to toxins in the environment. In response, EPA management is committed to ensuring adequate protection of children's health throughout the Agency's programs.

In FY 1999, the Agency, based on recommendations of the Children's Health Protection Advisory Committee, selected eight regulations and regulatory areas for review to assure that they are protective of children's health. EPA committed to complete five reviews in FY 1999. However, due to the need to collect comprehensive information on children's health impacts, the Agency does not expect to complete these reviews until FY 2001 (APG 62). To address the related issue of how to value children's health when conducting benefit/cost analyses on environmental regulations, EPA convened a workshop in March 1999, which brought together leading economists for discussion and sharing of information.

REGULATIONS AND REGULATORY AREAS UNDER REVIEW FOR PROTECTION OF CHILDREN'S HEALTH

- Chloralkali Plants National Emission Standards for Hazardous Air Pollutants
- Pesticide Tolerances for Methyl Parathion
- Pesticide Tolerances for Chlorpyrifos
- Pesticide Tolerances for Dimethoate
- Pesticide Tolerances for Atrazine
- Maximum Contaminant Levels for Atrazine
- Farm Worker Protection Standards
- Air Quality and Asthma Risks

To empower individuals and communities to better protect children from environmental health threats, EPA implemented the Child Health Champion Community pilot program in FY 1999. As part of the program, 11 communities (a minimum of one in each Region) are undertaking new community-based initiatives. Each community has developed and begun implementing action plans to achieve specific goals for protecting children from environmental hazards.

In FY 1999, EPA also developed a brochure on how parents and other care-givers can protect children from environmental risks. Based on the tips in EPA's brochure, as pictured above, the National Safety Council produced a half-hour television program that aired on Bravo and CNBC. This program is now available on video, and EPA also has plans to distribute the original brochure nationwide (<http://www.epa.gov/children>).

The number of children with asthma continues to grow, especially among certain population groups, such as children living in inner cities. As part of the President's Task Force on Environmental Health Risks and Safety Risks to Children, EPA and the Department of Health and Human Services developed a comprehensive cross-government strategy to address environmental factors that play a crucial role in childhood asthma. Despite the prevalence of asthma and other childhood illnesses with the



EPA's brochure includes easy to understand tips to help caretakers understand how to protect children from environmental threats.

potential to be linked to the environment (e.g., lead poisoning), most research data used to assess potential risks and make regulatory decisions do not address children's potentially increased vulnerability. Much work needs to be done in order to understand and address the risks to children from environmental hazards. Specific FY 1999 activities related to children's health can be found in other chapters throughout this report.

Management Services, Administration, and Stewardship

Efforts under this objective provide the management services, administrative support, and other operations that enable the Agency to achieve its environmental mission and to meet its fiduciary and workforce responsibilities. EPA has taken many steps to improve the administration and stewardship of its resources. Use of innovative technologies and designs, a focus on customer needs and expectations, and the development of a highly skilled workforce define EPA's strategies to deliver the services necessary to meet its environmental mission.

EPA met its FY 1999 goal to identify, fix, and test all of the Agency's information and building systems to ensure Y2K compliance, a major management accomplishment for the Agency (APG 63). This work addressed 50 mission critical and 1,475

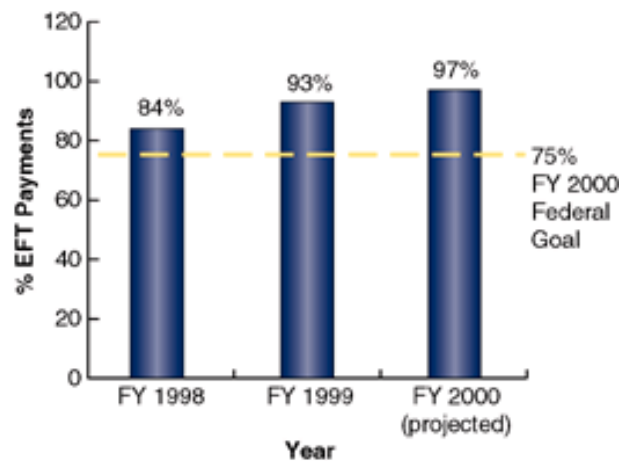
non-mission critical information systems as well as facility operations systems (e.g., elevators, heating/cooling systems) in all of EPA's 141 buildings.

EPA played a key leadership role in coordinating Federal agency efforts to address the Year 2000 (Y2K) issue in cooperation with State, local, other Federal, and private sector organizations. Working under the auspices of the President's Council on Year 2000 Conversion, EPA worked closely with national trade associations in the water, waste, and chemicals sectors to promote awareness, encourage assessment and sector-wide surveys, develop guidance information, and assist in the development of contingency plans. EPA also provided targeted Y2K information to specific constituencies, including Tribes, small businesses, and non-English speaking groups.

In FY 1999, EPA met its goal to plan and track performance against annual goals and capture 100 percent of costs through the new Planning, Budgeting, Analysis, and Accountability (PBAA) structure, based on modified budget and financial accounting systems, a new accountability process, and new cost accounting mechanisms (APG 64). The Agency developed the Performance and Environmental Results System (PERS) to capture performance on the Agency's goals and measures and to ensure that senior managers have the information needed to monitor and improve EPA's performance. EPA is one of the first Federal agencies to have fully integrated its budget request with its annual performance plan and strategic framework of long-term goals.

The Office of Inspector General and the Office of the Chief Financial Officer have a process in place to ensure timely preparation and submission of EPA's audited financial statements. During FY 1999, EPA was among the Federal agencies awarded a clean opinion on its FY 1998 audited financial statements, demonstrating the Agency's effective financial practices and controls. EPA continues to improve its financial practices, such as reducing customer burden through reinvention and better use of technology. For example, in FY 1999 EPA greatly reduced the overhead costs of making payments by increasing the use of electronic funds transfer.

Increased Use of Electronic Funds Transfer (EFT) Payments to Reduce Overhead Costs



In addition to participating in the Agency-wide accountability process, several EPA Regional offices began implementing planning and accountability approaches to monitor contributions to Agency-wide progress toward environmental goals. In FY 1999, several Regions developed and implemented computer-based systems to monitor performance and support Regional management decision-making. Features of these systems include the ability to display trend data and track the status of quarterly budget commitments. Regional managers use the accountability process to examine progress and make required course corrections.

The Agency has invested in human resources to ensure that it has the scientific and technological skills needed for the future and that the workforce reflects the talents and perspectives of a growing multi-cultural society. EPA's strategy is aimed at attracting, recruiting, and developing employees who can address the critical environmental issues of today and the future. An important FY 1999 achievement for human resources is the hiring of a second talented and diverse class of 20 interns through a highly competitive process. This class, 41 percent of whom are members of minority populations, is made up of top scholars in their fields.

Additionally, in FY 1999, EPA completed the Workforce Assessment Project, which identified the skills needed by its workforce as the Agency moves into the 21st century. Increasing employee competencies is an integral element of a comprehensive, inclusive strategy designed to yield an EPA



EPA's Workforce Assessment Project is a five-fold strategy in developing the Agency's workforce.

workforce prepared for the future. Supporting accomplishments include completion of seven leadership and high-performance organization pilots, the design of the mid-level and administrative support development programs, a new Human Resources Guide for Supervisors, and a new Individual Development Plan guide for use by current and future employees.

In FY 1999, EPA completed several actions to streamline the Agency's business practices and procedures while still ensuring their integrity. These accomplishments include the following:

- Adopting over 40 wide-sweeping management reforms to correct longstanding weaknesses in contracts management.
- Expanding the use of electronic contracting practices, including posting requests for proposals (RFPs) on the Internet, which resulted in savings of approximately \$30,000 per RFP or a total annual savings of \$6 million.
- Implementing contracting reforms to improve contractor performance, provide greater accountability, and save taxpayer dollars. Approximately 50 percent of EPA's contracts are now fixed price, and *15 percent of new awards are performance-based (exceeding the FY 1999 goal by 5 percent)* (APG 65).
- *Meeting the FY 1999 goal of implementing Phase I of the Integrated Grants Management*

System (IGMS) award module in each of the Regional Grants Management Offices. It has also been implemented in the Headquarter's office as well (APG 66), resolving potential Y2K issues and helping to make EPA's grant award system an automated, paperless, and efficient process.

- Awarding 69 Performance Partnership Grants (PPGs) totaling over \$227 million, which provide flexibility to States and Tribes in allocating resources to their top environmental priorities. To address concerns recently identified by the Office of Inspector General, the Agency will include a review of PPGs during Regional Management Oversight Reviews and include an assessment of the PPG program in the Regional Management Effectiveness Reviews.
- Eliminating more than 96 percent of the original backlog of 20,000 cases of assistance grant closeout, thus making significant progress in the post-award management and monitoring of assistance resources that represent over 50 percent of the Agency's budget. The Agency has made significant progress in carrying out its corrective action plans and as part of the FY 1999 Integrity Report, re-designated Grants Closeout and Oversight of Assistance Agreements from a material weakness to an Agency-level weakness.

Building Operations, Utilities, and New Construction

EPA's objective is to provide a safe, secure, and healthy work environment characterized by efficient and economical building operations, utilities, facilities, new construction, repairs, and pollution prevention improvements. For several years, EPA has pursued a strategy to improve, consolidate, and make energy-efficient its facilities and laboratories throughout the country. This strategy, in part, has provided the Agency with state-of-the-art working environments to better conduct research that positively affects public health and the environment.

In FY 1999, EPA completed 60 percent of construction at the new Research Triangle Park (RTP) facility, exceeding the goal of completing 50



Research Triangle Park (RTP), NC

percent of construction at its top priority laboratory project (APG 67). The new facility, which serves as the flagship for the Agency's research and sound science efforts, will replace seven leased facilities, resulting in savings of over \$100 million (30-year net present value) by eliminating expenditures for rent and the higher costs of operating aging, scattered facilities.

The continued renovation of the Washington, DC Federal Triangle complex and its subsequent occupancy form the cornerstone of EPA's objective to consolidate its Headquarters employees within a safe, secure, and healthy space that allows for efficient operation of Agency programs. *EPA and the U.S. General Services Administration (GSA) achieved 90 percent of the targeted 100 percent build-out of the Ariel Rios North Building, while the anticipated build-out of the Wilson Building did not occur at all. Because of this, EPA did not meet its target of moving 38 percent of Headquarters personnel to the new complex. In FY 1999, EPA succeeded in relocating 31 percent of Headquarters employees to the new complex and completing the targeted 50 percent of the base build-out of the Interstate Commerce Commission Building (APG 68).* The Agency is conducting a market survey, expected to be completed by mid FY 2000, of available space to house the remaining EPA employees.

Also in FY 1999, EPA completed construction of its Fort Meade Laboratory. This construction project enabled the Agency to consolidate operations from two other laboratories into one Federal

facility, increasing the cost-effectiveness of EPA's Region 3 laboratory operations.

EPA met its FY 1999 target to reduce energy consumption in three of its laboratories. The Agency continues to focus on those laboratories that consume the most energy and also is working with the Department of Energy and GSA to install solar technologies in EPA laboratories and Regional offices. For example, in the first award of its kind for the Agency, EPA selected an energy savings performance contractor to make improvements to the National Vehicle and Fuels Emissions Laboratory in Ann Arbor, Michigan. Construction on this project began in FY 1999, and the contractor will be paid based on resulting energy savings in the future.

Audit and Investigative Services

EPA's objective is to provide audit and investigative products and services that can help the Agency accomplish its mission. EPA's Office of Inspector General's (OIG) audit and advisory services promote economy, efficiency, and effectiveness in all of the Agency's business practices. The OIG investigates alleged fraud, waste, and abuse by EPA employees, contractors, and grantees and independently reports the results of these investigations to Congress. As part of its Agency-wide reinvention strategy, EPA's OIG is also establishing a dedicated program evaluation unit. All efforts under the audit and investigative services objective ensure that the Agency's financial systems, accounting statements, and performance information are accurate, reliable, and useful.

During FY 1999, EPA met its goal to provide objective, timely, and independent auditing and consulting services and completed 24 construction grant closeout audits, exceeding the target of 15 (APG 69). The OIG accomplished its goal by expanding its audit and advisory services to more closely correspond to the needs of its customers, clients, and stakeholders while potentially returning as much as five dollars for every dollar invested by taxpayers. The OIG's audits identified over \$81 million in questioned costs and recommended efficiencies.

FY 1999 Performance Profile: Office of Audit
(Promoting Efficiency and Effectiveness)

• Questioned Costs (Federal share)	\$79.3 Million
• Recommended Efficiencies	\$1.8 Million
• Costs Disallowed to be Recovered	\$36.3 Million
• Number of Reports Issued	460
• Customer Satisfaction Rate	75 Percent

The OIG's audit and advisory services also made over 60 recommendations for improving program business practices and results, including actions for the following:

- Improving monitoring and enforcement of air quality standards.
- Standardizing water quality monitoring and attainment strategies.
- Developing strategies to perform risk assessments of hazardous waste releases and quality evaluations of hazardous waste treatment.
- Expanding capacity to connect small communities to wastewater facilities.

EPA met its FY 1999 goal to provide objective, timely, and independent investigative services (APG 69) in order to detect and deter fraud, waste, or other improprieties involving the Agency. The OIG's investigations resulted in 73 prosecutive and administrative actions. EPA's OIG also opened 31 new contract and assistance agreement cases, bringing the total inventory of these cases to 125. The OIG referred nearly one-fourth (24 percent) of the investigations for action and closed or referred over half (54.2 percent) of the cases all within one year of initiation. From 1996 to 1999, EPA investigations resulted in fines, restitutions, and recoveries totaling over \$24 million.

FY 1999 Performance Profile: Office of Investigation
(Detecting and Deterring Fraud, Waste, and Abuse)

• Fines, Recoveries, and Savings	\$815,292
• Indictments	20
• Convictions	11
• Administrative Actions	35
• Civil Filings/Settlements	7

PROGRAM EVALUATION

In FY 1999, as part of its efforts to improve management services, EPA benchmarked its major financial management functions against public and private sector organizations, including industry top performers. The benchmarking study examined FY 1998 data on all EPA resource planning, accountability, and stewardship functions, including strategic planning, budgeting, financial management, financial services, analysis, accountability, and management. The study found that in comparison to other top organizations, EPA devotes a lower percentage of its workforce to financial management overhead. EPA's financial management costs are, however, higher than public and private sector averages largely because the Agency has not invested in efficient new information technology to reduce the overhead costs of its payroll and other major financial systems (see future milestones below). The public can contact EPA's Office of the Chief Financial Officer for a copy of this study.

CONCLUSIONS AND CHALLENGES

In FY 1999, EPA continued its progress toward becoming a model for leadership and management among Federal agencies. EPA still faces significant challenges, however, in reinventing and streamlining processes while ensuring sound management of its administrative and financial services:

- Ensuring that the EPA workforce possesses the scientific and technological skills needed to meet the challenges of the 21st century and that it reflects the talents and perspectives of a growing multi-cultural society.
- Developing more outcome-oriented performance measures through collaboration with the many players involved in achieving environmental results: States, Tribes, local governments, other Federal agencies, non-governmental organizations, industry, the regulated community, Congress, and the Office of Management and Budget.
- Working with environmental partners (States, Tribes, local governments, and industry) to improve the speed and user-friendliness of the Agency's customer assistance processes.

KEY MILESTONES FOR THE FUTURE

- In FY 2000, EPA will conduct a national evaluation of the Child Health Champion Community pilot to learn about community needs for protecting children's health.
- In FY 2000, EPA will develop the *Children's Health Valuation Handbook* based on the results of the March 1999 workshop on valuing children's health.
- In FY 2001, EPA will complete the RTP laboratory facility construction project, which will serve as a flagship for the Agency's research and sound science efforts.
- In FY 2001, EPA will finalize the implementation of a new payroll system that reduces processing costs and supports the Agency's reinvention and streamlining initiatives.

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